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SIPDIS

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SUBJECT: Influential Businessman Saad Ahmed Cheikh Dies of Natural Causes

1. (U) SUMMARY Saad Ahmed Cheikh, founder and CEO of the largest and most successful transit company in Djibouti (The Compagnie Maritime et de Manutention de Djibouti, aka, COMAD), died on 4 May at Bouffard Hospital of rumored cardiac and pulmonary problems and diabetes. The 48-year-old Cheikh was a well-connected business figure and philanthropist. His death is expected to have notable social impact. END SUMMARY

2. (U) A former General Attorney, Cheikh founded COMAD in 1996. His social connections undoubtedly helped establish the success of the company. COMAD works with most of the American carriers operating in Djibouti and handles more than 1 million metric tons of food aid annually donated by international organizations such as the USAID, the EEC and Care International. COMAD's success allowed Cheikh to create other companies, many with foreign partners. Cheikh surrounded himself with a small, dynamic team of business advisors and did not hesitate to hire foreign experts for short periods of time and he quickly became the head of Saad Business Group (SBG) which includes 15 firms with activities in various fields such as clearing and forwarding (ITS), construction (DCC), livestock (HLEA), port equipment (Fantuzzi Reggiane Djibouti), fishing (SOCOPAM), air conditioning (Proficient Air), water drilling (SDC), trucking (SODJITRA) and more.

3. (U) It is important to note, however, that not all of SBG's firms are active, despite the fact that they exist on the books. SODJITRA, for example, consists of a small fleet of trucks, but is still trying to get a foothold in the transportation section, which is currently monopolized by Ethiopian companies. SBG's newest venture is the North Holding Investment Share Company, created in January 2005 with Ethiopian and American partners. The firm recently obtained a large plot of land in Djibouti, near PK12, and is planning to invest in food, textile, auto and paint industries in addition to transportation.

4. (U) The annual profits of COMAD, the backbone of SBG, are estimated at US\$11 million. COMAD'S business manager Ali Hettam worked as Cheikh's right-hand man and is generally considered very competent. It is expected he will continue to run COMAD in Cheikh's absence. However, any restructuring of the company by successors could potentially result in the lay-offs of large numbers of workers. The company is considered by some to be inefficient and over-staffed. Also, in the absence of Cheikh, COMAD loses the political and economic protection of an influential man, making it easy prey for competition or takeover. Many of SBG's firms will likely disappear or be taken over by other investors.

5. (U) Cheikh was the brother of the Head of the Gendarmarie, Col. Mahdi Cheikh, and also of the well-respected local Muslim cleric, Cheikh Souleiman Ahmed Cheikh, who is an advisor to President Guelleh on Muslim affairs. As an Issa, sub/clan Mamassan, sub/sub clan Reer Igal, Cheikh was also known to have a close, personal relationship to President Guelleh that opened many bureaucratic doors.

6. (U) Cheikh's death is also expected to carry a social consequence. He is rumored to have supported as many as 75 poor families in Djibouti City. Members of the families allegedly receive a monthly salary from COMAD, despite the fact that they do not work for the company.

7. (U) Cheikh leaves four wives and four children. It is rumored that the most recent is the sister of an Embassy employee. This is, as of yet, unconfirmed.

RAGSDALE